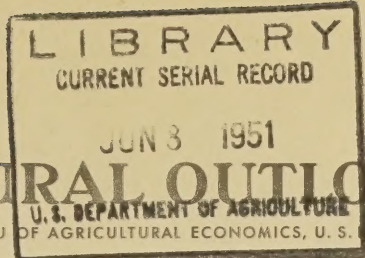


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The AGRICULTURAL OUTLOOK DIGEST

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APRIL 1951

Continued heavy demands for farm and industrial products are in prospect during the rest of 1951 and early 1952.

With farm production likely to set a new record, prices received by farmers for 1951 are expected to average near current levels—about one-fifth above 1950.

Sales of farm products may yield about a fourth more to farmers than in 1950 when receipts were about 9 percent below the 1948 peak. Production costs also will move up—probably 10 to 15 percent—and not enough to offset the gain in receipts. Consequently, the net income of farm operators probably will be back up to around the 1947 peak of 17.8 billion dollars. Farmers netted 13 billion in 1950.

Since prices paid by farmers are higher, the purchasing power of farmers' net income this year will fall short of 1947. In contrast, nonfarm personal income has set a new record every year since 1947; this year it will be 25 percent above the 1947 level.

Behind the outlook for strong demand in coming months are the growing defense program, increasing expenditures by business for plants and equipment and the prospect that consumers, with incomes expanding will continue to buy at a high rate.

Under the present program, spending for defense by the end of 1951 will be almost double the annual rate of 25 1/2 billion dollars for the first quarter of the year. By that time, it will account for about 15 percent of the Nation's economic activity, compared with 45 percent at the peak of World War II. Further gains are likely in 1952.

Business plans for spending for producing equipment in 1951 indicate a rise to 24 billion dollars, 30 percent above last year's outlay. Expenditures by farmers for buildings and equipment also are likely to top 1950.

Foreign demand for U. S. goods and services will be stronger this year as dollar supplies in foreign countries continue to improve. Farm products will share in the increase in foreign demand, particularly wheat and cotton. Demand for dried fruit and dairy products may be weaker.

Growing business and industrial activity will boost employment and consumer incomes. Despite proposed income tax increases, and wage stabilization, some expansion of consumer income is likely because of greater employment and a longer work week. The large amount of buying power in consumers' hands will mean a good market for food and most of the industrial consumer commodities likely to be produced.

Supplies of some industrial products, particularly durable goods and housing, may be reduced as the defense program develops. This, coupled with strong demand, may renew inflationary pressures later this year.

In contrast, supplies of most farm products are likely to be large. Consumption of food per person is expected to be a little above 1950.

LIVESTOCK AND MEAT Ceilings on the average prices slaughterers pay for cattle was announced by the Office of Price Stabilization on April 28. When the controls go into effect in late May overall average prices Slaughterers may pay for cattle will be reduced to about the January level.

During the rest of the year, meat production is expected to exceed 1950 by a greater margin than the slight gain made so far. Pork will provide most of the increase but slightly more beef also is in prospect. Output of veal, lamb and mutton probably will decline.

DAIRY PRODUCTS Demand for dairy products has strengthened in the last several months; will strengthen further in 1951. Consumption of fluid milk is gradually expanding despite the fact that retail prices are about 10 percent above a year earlier. Prices of manufactured dairy products also are up about a tenth and supplies are about the same as last year.

POULTRY AND EGGS The seasonal reduction in the egg supply in August and the following months probably will be large. Movement into storage this spring is slow and chicks already hatched will not produce marketable eggs before November.

With no price support purchases this year and movement into storage small, egg consumption per person so far this year has exceeded a year ago. In mid-April, egg prices to farmers averaged 43 cents per dozen, 94 percent of parity.

FATS AND OILS More fats and oils are likely to be produced in the year beginning October 1 than in the current season. With hog and cattle slaughter expected to rise, output of lard, tallow and greases will be up. The total acreage of the major oilseed crops will be up about one-fifth if farmers' March intentions and the production guide for cotton is realized.

FEEDS Feed supplies are expected to become tighter. If farmers' plantings of the four feed grains materialize as indicated on March 1 and if yields are average, production will amount to about 118 million tons, 6 percent less than in 1950. Feed grain requirements for 1951-52 are now estimated at about 130 million tons.

WHEAT A billion bushels of wheat will be produced in 1951 for the 8th consecutive year if growing conditions the rest of the season are at least average and if the intended spring wheat acreage is actually planted. However, the crop is likely to fall a little short of domestic and export requirements.

For 1951-52, prices are expected to average at about the loan level. This will be 90 percent of the parity price next July 1 but not less than \$1.99 per bushel. In mid-April, 90 percent of parity was \$2.16 per bushel.

FRUITS Demand for deciduous fruits will be stronger in the second half of 1951 than in the same months of 1950. Even if the crop this year is slightly larger, as now seems likely, prices are expected to average higher.

VEGETABLES The usual declines for fresh vegetables this spring and early summer is not expected to carry prices down to the relatively low levels of a year ago. Demand is stronger and supplies probably will be smaller.

Early reports indicate that acreage plans of commercial canners and freezers are about in line with USDA guides.

Potato supplies for May and June are considerably smaller than last year and prices are expected to continue generally higher.

COTTON Spot cotton prices and prices of old-crop futures were at ceilings from March 8 through the third week of April when spot markets began quoting prices under ceilings. New-crop futures, however, were well below ceilings.

WOOL The steady rise in wool prices at Boston and in foreign markets that began late in 1949, ended after Easter and prices declined 10 to 25 percent. The downturn began in Australian and South African markets when the U. S. reduced its buying.

A large part of the U. S. clip for 1951 has been contracted for at prices well above those received in 1950. Prices received by farmers are expected to average well above last year.

TOBACCO Supplies of cigarette types of tobacco will be adequate and demand strong this year. Total cigarette output is likely to top last year's record. Support prices for all types of tobacco for 1951 tobacco will be higher than last year because of the rise in the parity index.